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SUBJECT: SCENESETTER FOR INDIA VISIT OF UNDER SECRETARY BURNS

**11. (SBU) Under Secretary Burns:**

In many respects, your visit represents the moment so many of us who manage the India account have waited years for: a time when U.S. officials can engage with a new, strong Indian government freed from the constraints of anti-American coalition partners or a precarious political position with a commitment to elevate the relationship. This is truly an opportune moment in our bilateral history with this Asian giant/strategic partner, and, following a pause in our relations while our two large democracies went through their own election processes, will mark the beginning of new era of engagement, ripe with potential. Of course, the relationship is far from perfect, and today there remains a noticeable undercurrent of public opinion which is skeptical of America's intentions in India. However, as the Obama administration's first senior official to meet in India with the new government, your visit has the chance to set the tone and begin to lay the necessary ground work to take our ties to the next level.

----- Indian Elections: Congress Party Returns with Renewed Strength -----

**12. (SBU) The surprisingly strong performance by the Congress Party and its United Progressive Alliance allies in India's national election has returned Prime Minister Manmohan Singh to office and provided the Congress Party with a mandate to govern -- surely a welcome change for the Prime Minister after years of battling communists and regional coalition "partners" over both domestic and foreign policy issues.**

This has allowed the Prime Minister to assemble what some in the media have referred to as "Manmohan's dream team" in his cabinet, including the addition of the new External Affairs Minister, S.M. Krishna. Krishna is the first Indian foreign minister to have received a degree from a U.S. university (Southern

Methodist University, along with a Fulbright term at George Washington University), and in his first press interaction he promised to consolidate India's partnership with the U.S., along with other major powers like Russia, China, Japan and the EU. With the UPA's victory, and the return to the cabinet of key players such as MK Narayanan as National Security Advisor, Pranab Mukherjee as Finance Minister, P. Chidambaram as Home Minister, and AK Anthony as Defense Minister, we anticipate stability in our bilateral relationship and a continuation of the positive trend that has marked our ties for the past decade.

----- Indian Mood: Unstable Region, Global Power Growing  
Pains Detract from Election Honeymoon -----

13. (SBU) While the elections seemed to convince most pundits that the GOI was set to move quickly and boldly on its foreign policy agenda, serious challenges which pre-dated the election remain as a sobering reminder of how far India has to go to reach its stated goal of becoming a global player. One thing that seems to never change is India's perception that Pakistan is an existential threat, and the Indians are following very closely how Islamabad prosecutes perpetrators of the Mumbai attacks and acts (or doesn't act) against Lashkar-e-Taiba. A silver lining to the Mumbai terror was the subsequent unprecedented law enforcement cooperation between the U.S. and India on the investigation; however, senior Indian officials have warned us not to trust Pakistan's intentions in pursuing the Mumbai terror networks. Pakistan's release of JuD Chief Hafiz Saeed has added to the suspicion. India has responded to every Pakistani request for further evidence, fully cognizant of how it is in India's interest not to appear to balk at such requests, but Foreign Minister Krishna made it clear in his first days in office that India's policy remains that it will not return to a formal Composite Dialogue with Pakistan until Mumbai terrorists are prosecuted.

14. (SBU) Despite early concerns, the GOI now appreciates Special Representative Holbrooke's active outreach to India on Afghanistan-Pakistan policy, and has made general statements agreeing to do more

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for Afghan reconstruction. However, despite reassurances from Holbrooke and the Embassy to GOI officials, hypersensitivity remains in the Indian public over the question of whether the U.S. intends to interfere in Kashmir and/or sacrifice Indian security interests to U.S. objectives in Afghanistan. Elsewhere in the region we and India generally share the same goals for stability and freedom in places such as Nepal, Bangladesh and Sri Lanka, and have coordinated better than in the past. Burma and Iran remain exceptions; India's proximity, historical ties and economic interests leave it with a policy perspective that more often than not diverges from ours. On the global stage, we have heard Indian strategic thinkers describe their goal is for India to become "a regional power and global player." The ambition at the top levels of government is readily apparent, as India seeks permanent UNSC membership, proudly takes a seat at the G-20 table, modernizes its military, and begins to take on greater security responsibilities such as anti-piracy operations off Somalia.

15. (SBU) Still, the weight of domestic poverty coupled with, as one senior GOI official recently admitted to us, a dearth of capacity in the bureaucracy, has meant that capability has not been able to keep up with ambition, and by all appearances won't for the next several years. (Note: While India's poverty levels have fallen in the past decade along with a rapidly growing economy, hundreds of millions of Indians continue to subsist on less than two U.S. dollars a day. End Note.) The good news for U.S. interests is that the same senior officials who have a vision for India's ascendancy generally recognize that healthy relations with America are essential for India to get to where it wants to be. The Congress party attributes a large deal of its electoral success to the close attention it paid to the rural sector of the economy. Over the past year, the UPA has implemented a number of costly subsidy, debt waiver and rural income support programs that, along with good monsoons, have led to relatively strong rural and agricultural growth. Despite the anticipation of some big bang, economic reforms, the more likely approach by the new government is gradual reform with a close eye at each step on the political and social effects of policy changes. The watchword, emphasized by Finance Minister Mukherjee, will be rapid,

inclusive growth, with spending and investment on infrastructure and an expanding social safety net.

----- Deliverables: Suddenly Some Old Fruit May Be Hanging Low Enough For Picking -----

¶ 16. (SBU) One main thrust of your visit will be to discuss the institutionalized dialogues that will form the pillars for our relationship in the coming years. We have heard that the Indians are undergoing a similar review, and will have ideas of their own for how they see the architecture of our relationship taking shape. We are hoping for an early readout of the direction India is heading before your arrival. In addition to that important conversation, there are other tangible issues ripe for resolving.

¶ 17. (SBU) Following the election, Post received clear signals from contacts at the Ministry of External Affairs, the Ministry of Defense and through the media that India is ready to move forward on a few agreements which have been pending longer than anyone would have expected. Acceptable End-Use Monitoring (EUM) language is at the top of that list, and Foreign Secretary Menon is eager to sit down one-on-one with you to determine a permanent formulation that meets India's political concerns and DoD's legal requirements, perhaps as a deliverable for Secretary Clinton's visit or even earlier if possible. Working level contacts at MoD suggest that the Communications Interoperability and Security Memorandum of Agreement (CISMOA) is also within reach, pending a review by the Cabinet Committee on Security. A third agreement, the Logistics Support Agreement, has also been brought up again by MoD contacts. We recommend you push for approval of all three agreements (technically the EUM language is not a "formal" agreement, but due to domestic political sensitivities will require

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Cabinet approval) to be concluded as early as possible, reiterating our points that these will clear the way for even more robust defense cooperation, something Prime Minister Singh has mentioned as a growth area for the relationship.

¶ 18. (SBU) We also hope your visit will be able to clear away obstacles to implementing the civil nuclear agreement. The Indian Cabinet and Parliament need to approve liability legislation to protect U.S. and other foreign companies, but once that is enacted we are hoping to have an announcement -- again, at or before the time of Secretary Clinton's visit -- of the designation of two nuclear park sites for U.S. companies.

¶ 19. (SBU) We appear to have reached agreement on the way forward for implementing a Technology Safeguards Agreement that would also launch what we hope are expedited negotiations on a Commercial Space Launch Agreement as well as discussions on our satellite services markets. However, we are still awaiting a response to our latest suggested language for our diplomatic notes that, if approved in time, would allow you and Secretary Menon to jointly sign. Should signing the agreements not be possible by the time of your visit, Post recommends you push to have this concluded in time to be included in the Secretary's visit.

----- Your Visit Coincides Nicely with Counter-Terrorism Efforts -----

¶ 10. (SBU) Your visit immediately proceeds the annual bilateral Counterterrorism Joint Working Group (CTJWG) meeting, which will be held this year in Washington on June ¶ 16. We do not expect the talks, which are led by MEA, to result in any front page news, but there is considerable interest among U.S. agencies in increased cooperation in law enforcement training and financial counterterrorism. We will also encourage India to play a constructive role in

sub-regional cooperation efforts, particularly on border issues with Nepal and Bangladesh.

----- Your Meetings -----

¶11. (SBU) All signs are that the new government is eager to receive you and get the ball rolling on the next phase of the U.S.-India relationship. The Americas Division at MEA has told us that most if not all of the senior officials we have requested will be available to meet with you: Prime Minister Singh, External Affairs Minister Krishna, Home Affairs Minister P. Chidambaram, National Security Advisor Narayanan, Deputy Planning Commissioner Montek Singh Ahluwalia, Foreign Secretary Shiv Shankar Menon, Special Envoy Shyam Saran, and Leader of the Opposition L.K. Advani. Your program in Mumbai will focus on outreach to young people and the business community as well as civil society.

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